

Sokhom Rin
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PATENT
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Please replace the heading that begins on page ⁷⁴4, line 1 in its entirety with the following :

EXAMPLE 7:

FINDING THE FAIR VALUE FOR A CONTINGENT PAYOFF FOR AN UNDERLYING
RISK VEHICLE WHOSE PROSPECTIVE FUTURE VALUES CAN BE NEGATIVE OR
POSITIVE

Please replace the 1st paragraph on page 74, line 5 in its entirety with the following:

For the seventh example of this method, refer to Table 7, which provides a series of outcomes in
1 year for a special kind of underlying risk vehicle, ~~instrument~~, already explored in Example 6.
Under the process of this invention, by following the steps in Figure 3, the fair value of the risk
vehicle was found to be \$1.96, equal to the last market price for the risk vehicle. This fair value
was discovered by applying a lambda value for the distribution of the underlying risk vehicle, of
0.10, which was substantially different than that of the lambda value that would have been
derived from a Sharpe Ratio.

Please replace the 2nd paragraph on page 74, line 11 in its entirety with the following:

Table 7 provides the series of prospective outcomes in 1 year for the medical insurance policy, in
Column 6A. The risk vehicle has prospective future cashflow outcomes that are both negative
and positive. For this example, the method calculates the fair value of a put option with a strike
price of \$0.00. The payoff function for this put option is:

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10/10/07

Please replace the 4th paragraph on page 56, line ¹⁶~~18~~ in its entirety with the following:

The output of the Wang Price, after discounting, is a useful data result, because it represents the present fair value of an underlying risk vehicle consisting of a group of one asset or more assets or liabilities. ~~liability.~~ This present fair value of the underlying risk vehicle can be compared to ~~that the present fair value~~ of other underlying risk vehicles, financial instruments, on an even playing field, so that risk management professionals can identify, monitor, acquire, and dispose of underlying risk vehicles assets and liabilities according to expected portfolio risks and returns.

Please replace the 3rd paragraph on page 57, line 17 in its entirety with the following:

In Figure 5, the method starts by determining the objective of the process. The objective of the process is to find the Wang Price for the future value of the underlying risk vehicle in question, 501. The fair value of the earthquake contingency contract in 1 year, from the perspective of a Small Insurance Company, is the objective. Such a fair value, in the insurance world, is called a pure premium. The pure premium would be charged by the Small Insurance Company, to break even on the standalone cost of the contract, after an adjustment for risk.

Please replace the 2nd paragraph on page 61, line 5 in its entirety with the following:

The Wang Price, after discounting, is a useful data result, because it represents the present fair value of an asset or liability. This present fair value can be compared to the present fair value of other financial instruments, on an even playing field, so that risk management professionals can

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09923377 9124/2007
10/10/07

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vehicle identified as a group of one or more underlying assets and ~~underwritten assets and~~
liabilities; and Figure 5, step 519, for contingent payoffs for the outcome of an underlying risk
vehicle identified as a group of one or more ~~these~~ underwritten assets and liabilities.

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Please replace the ^{3rd} ~~4th~~ paragraph on page 25, line ¹⁴ ~~19~~ in its entirety with the following:

WEIGHTED VALUES

In the computer-implemented system and method, and computer-readable medium for use with computer means, of the invention, the product of multiplying the cashflow values of a distribution to their new probability weights, after decumulation, for an underlying risk vehicle for a selected group of traded or underwritten assets and liabilities, as shown in Figure 2, step 209; Figure 3, step 309; Figure 4, step 410; and Figure 5, step 509, or, alternatively, for a contingent payoff, as shown in Figure 3, step 317, Figure 4, step 411, and Figure 5, step 517.

Please replace the 2nd paragraph on page 30, line 8 in its entirety with the following:

Assets and liabilities, whether traded or underwritten, are risk vehicles, which means that they are the legal contrivances for undertaking some type of capitalized risk -- for example, that is, a financial or insurance risk. One begins using the invention, by identifying an underlying ~~selecting either one~~ risk vehicle as a container of sorts, itself holding ~~or~~ a group of one or more individual risk vehicles, ~~which can be~~ assets or liabilities, each of and which can be either traded or underwritten. The invention is capable of outputting the ~~underwritten, to evaluate their~~ fair value of this underlying risk vehicle, which is defined as its ~~their~~ price in a transaction, after an